



An overview of the regulation of virtual assets in Abu Dhabi

Contents

1. Virtual asset laws and regulations in Abu Dhabi	3
What is considered a virtual asset in Abu Dhabi?	3
What are the relevant laws and regulations?	3
Who do such laws and regulations apply to?	6
Who are the relevant regulatory authorities in relation to virtual assets in Abu Dhabi?	7
What are the penalties for breaches of virtual asset laws and regulations in Abu Dhabi?	7
2. Regulation of virtual assets and offerings of virtual assets in Abu Dhabi	7
Are virtual assets classified as 'securities' or other regulated financial instruments in Abu Dhabi?	7
Are stablecoins and NFTs regulated in Abu Dhabi?	7
Are decentralised finance (DeFi) activities (e.g. lending virtual assets) regulated in Abu Dhabi?	8
Are there any restrictions on issuing or publicly offering virtual assets in Abu Dhabi?	8
Are there any exemptions to the restrictions on issuing or publicly offering of virtual assets in Abu Dhabi?	9
3. Regulation of VASPs in Abu Dhabi	10
Are VASPs operating in Abu Dhabi subject to regulation?	10
Are VASPs providing virtual asset services from offshore to persons in Abu Dhabi subject to regulation in Abu Dhabi?	10
What are the main requirements for obtaining licensing / registration as a VASP in Abu Dhabi?	11
What are the main ongoing requirements for VASPs regulated in Abu Dhabi?	12
What are the main restrictions on VASPs in Abu Dhabi?	13
What are the main information that VASPs have to make available to its customers?	14
What market misconduct legislation/regulations apply to virtual assets?	15
4. Regulation of other crypto-related activities in Abu Dhabi	15
Are managers of crypto funds regulated in Abu Dhabi?	15
Are distributors of virtual asset funds regulated in Abu Dhabi?	16
Are there requirements for intermediaries seeking to provide trading in virtual assets for clients or advise clients on virtual assets in Abu Dhabi?	16
5. Other relevant regulatory information	17
Are there any upcoming regulatory developments in respect of crypto-related activity in Abu Dhabi?	17
Has there been any notable events in Abu Dhabi that has prompted regulatory change recently?	17
6. Pending litigation and judgments related to virtual assets in Abu Dhabi (if any)	18
7. Government outlook on virtual assets and crypto-related activities in Abu Dhabi	18
8. Advantages of setting up a VASP in Abu Dhabi	19

1. Virtual asset laws and regulations in Abu Dhabi

Abu Dhabi, as the capital of the United Arab Emirates, has actively shaped regulations for virtual assets. The regulatory framework for Abu Dhabi Global Market (**ADGM**) is overseen by authorities such as Financial Services Regulatory Authority (**FSRA**) and **ADGM courts**. Recent amendments (June 2025) under the **Financial Services and Markets (Amendment No. 1) Regulations 2025** introduced stricter capital rules, product intervention powers and explicit prohibitions on privacy tokens. This overview explores everything from licensing and registration requirements to anti-money laundering laws, capital and liquidity requirements, and governance and compliance obligations, Government's approach to virtual currencies, recent regulatory developments, and other key aspects of the evolving regulatory landscape in Abu Dhabi.

What is considered a virtual asset in Abu Dhabi?

In Abu Dhabi, a virtual asset is defined as a digital representation of value that can be exchanged electronically and typically functions as a medium of exchange, a unit of account, or a store of value, but does not have the status of legal tender in any jurisdiction. No government authority issues virtual assets and they operate without guarantees because their value depends on user consensus which distinguishes them from fiat currency and electronic money. The 2025 updated regulatory framework permits only "Accepted Virtual Assets" (AVAs) which satisfy the FSRA technical, compliance and risk requirements to be used in regulated activities within ADGM.

The FSRA has officially banned the use and offering of privacy tokens and algorithmic stablecoins within ADGM. This means such assets are not allowed under the current regulatory framework. The rules apply to commercial entities, financial institutions, and anyone looking to issue or deal in digital securities.

What are the relevant laws and regulations?

- i. **Law No. 4 of 2013**: Concerning ADGM, established and defined Abu Dhabi as a financial free zone with independent legal personality and full legal capacity. The objectives were to promote the Emirate as a global financial center, develop its economy, and establish prospects for financial investments.
- ii. **Schedule of Contraventions**: ADGM has issued a schedule of contraventions and applicable fines in accordance with Article 23 of Abu Dhabi Law No.4 of 2013, as amended. Contraventions include engaging in financial activity without proper permit or license, failing to notify of company alterations, provision of false or misleading information, among others. The applicable fines for contraventions range from USD 150 to USD 50,000, with some exceeding that limit for certain cases.
- iii. **The Financial Services and Market Regulations, 2015**: It provides a comprehensive regulatory framework that governs financial services in the ADGM. The Regulations impose various licensing and registration requirements, as well as obligations on persons involved in providing virtual asset or e-money services. These requirements and obligations include (**AML/CFT**), capital and liquidity requirements, and fund segregation.
- iv. **The Financial Services and Markets (Amendment No 1) Regulations** (Issued on 12.06.2017): Introduced key changes to the Financial Services and Markets Regulations (**FSMR**) 2015. The amendments make agreements resulting from "Unlawful Communications" unenforceable. Authorised persons are prohibited from accepting deposits in UAE Dirham, engaging in corresponding foreign exchange transactions, or receiving deposits from UAE markets. The exclusive means for establishing an Investment Trust are specified, and a regulatory framework for investigations into Authorised Persons or Recognised Bodies in the ADGM is established. The definition of "Participating Interest" now requires a 20% or more holding of Shares unless proven otherwise.
- v. **The Financial Services and Markets (Amendment No 2) Regulations** (Issued on 25.06.2018): Introduced provisions to the FSMR 2015 related to virtual currency. The Regulator can now establish rules for authorised persons engaging in the Regulated Activity of Operating a Crypto Asset Business in or from the ADGM. The Regulator has the authority to specify Accepted Crypto Assets, set prerequisites for this activity, and prescribe additional requirements for compliance. The Regulator can impose extra obligations on authorised persons in the Crypto Asset Business, outlining specific actions. The amended regulations define "Operating a Crypto Asset Business," covering Crypto Asset activities while excluding certain activities from this definition.

- vi. [The Financial Services and Markets \(Amendment No 3\) Regulation](#) (Issued on 04.07.2018): Made changes to the FSMR 2015. Part 16, focusing on Public Record and Disclosure of Information, was adjusted to limit the Regulator's ability to disclose confidential information without prior consent. The regulations now specify general restrictions on disclosure and exceptions, allowing disclosure for purposes like public functions, criminal proceedings, and anti-money laundering compliance. The Regulator is also authorised to create rules permitting specified persons or categories to disclose information for fulfilling specific functions.
- vii. [The Financial Services and Markets \(Amendment No 2\) Regulations](#) (Issued on 08.04.2019): Brought changes to the FSMR 2015, primarily focusing on anti-money laundering measures. The updates empower the regulator to establish rules for combating money laundering and terrorist financing, along with implementing corresponding measures, policies, and procedures. The regulations recognise the application of relevant Federal laws in ADGM, emphasising compliance with Federal Anti-Money Laundering Legislation. Relevant Persons are required to conduct customer due diligence and maintain records following specified Rules.
- viii. [The Financial Services and Markets \(Amendment No. 2\) Regulations](#) (Issued on 17.02.2020): Amended the FSMR 2015. Changes include a new section governing the operation of a Crypto Asset Business, explaining requirements for Regulated Activities related to Virtual Assets. The amendment grants the regulator authority to prescribe specific requirements for Authorised Persons and establish definitions for terms related to Crypto Virtual Assets. It further empowers the regulator to prescribe requirements for engaging in Regulated Activities related to Virtual Assets. The amendment allows the Regulator to exclude, impose, or require specific actions for Authorised Persons involved in Regulated Activity or Operating a Crypto Asset Exchange Multilateral Trading Facility. Additionally, it introduces the definition of "Inside Information" to prevent the use of non-public information impacting the price of financial instruments or virtual assets for financial gain.
- ix. [The FSRA Guidance and Policy Manual \(GPM\)](#): On the Regulation of Digital Security Offerings and Virtual Assets informs how the FSRA regulates financial services entities and markets in ADGM. The manual adopts a risk-based approach, covering policies, authorisation processes, and enforcement guidelines. Applicants undergo a fitness and propriety assessment before obtaining regulatory status, with FSRA supervision tailored to size, complexity, and risk profile. The FSRA holds enforcement powers, granting waivers or modifications and investigating and taking action against regulatory violations. The manual specifies information requirements for applicants, safeguards confidentiality during investigations, and allows settlements through a final notice or enforceable undertaking.
- x. [The Guidance on Regulations for Digital Securities in ADGMs](#): Incorporated amendments in regulations related to the issuance of digital securities and the content of associated prospectuses, with rules for Recognised Investment Exchanges (**RIEs**), Multilateral Trading Facilities (**MTFs**), and Organised Trading Facilities (**OTFs**) trading digital securities. Key changes include ensuring reliable settlement processes. The Guidance outlines regulations for intermediaries and introduces guidelines for technology governance, controls, transaction protocols, and measures against financial misconduct. It incorporates norms related to Islamic finance rules and stablecoins.
- xi. [The Guidance on Regulation of Digital Security Offerings and Virtual Assets under the FSMR](#): Applies to entities considering initial coin or token offerings (**ICOs**) for fundraising. The FSRA follows a technology-neutral regulatory approach, applying requirements to the execution of Regulated Activities or those specified in a Recognition Order. Noteworthy risks include fraud, money laundering, terrorist financing, and volatility. The FSRA advises careful assessment of risks before investing in Virtual Assets or related Derivatives. Importantly, Virtual Assets resembling Digital Securities are subject to relevant regulatory requirements.
- xii. [The Financial Services and Markets \(Amendment No. 2\) Regulations](#) (Issued on 21.03.2021): Have been enacted to amend the FSMR 2015. These include the mandate for the Regulator to publish a comprehensive record encompassing authorised persons, recognised investment exchanges, and public funds. The revised definition designates "Third-Party Services" as a regulated activity, with a "Third-Party Provider" being an Authorised Person authorised for Providing Third-Party Services. Notably, exclusions have been specified for Technical Services, Payment or Securities Settlement Systems, and Services with Physical Form, separating situations where activities involving specified information do not fall under the ambit of Third-Party Services.

- xiii. [Guidelines for Financial Institutions adopting Enabling Technologies](#) (Issued on 15.11.2021): The Central Bank of the UAE, the Securities and Commodities Authority, the Dubai Financial Services Authority, and the Financial Services Regulatory Authority jointly issued comprehensive guidelines for financial institutions embracing Enabling Technologies. These guidelines provide principles for safe use of technologies like cloud computing, biometrics, distributed ledger technology (**DLT**), and big data analytics. DLT, including Blockchain, is defined, with acknowledgment of Permissioned Blockchain. Guidelines emphasise a documented governance framework for decision-making and risk management in blockchain and DLT use. Institutions should ensure auditability of DLT applications. Virtual assets, including cryptocurrencies, are treated as Personal Data.
- xiv. [Guiding Principles for the Financial Services Regulatory Authority's Approach to Virtual Asset Regulation and Supervision](#) (Issued on 12.009.2022): The guiding principles are designed to encourage collaboration with regulatory agencies globally, laying the foundation for consistent regulation. These principles outline FSRA's risk approach in areas like regulation, authorisation, financial crime, and international cooperation. Only operators meeting high standards are admitted to FSRA's jurisdiction. Comprehensive anti-money laundering rules promote best practices within ADGM's VA firms. FSRA's risk-based supervision extends to VA firms, with a team experienced in the industry.
- xv. [Financial Services and Markets \(Amendment No. 1\) Regulations](#) (Issued on 20.09.2022): Modify the 2015 FSMR, concentrating on Virtual Assets and Spot Commodities in ADGM. These amendments empower regulators to establish requirements for Authorised Persons dealing with Virtual Assets or Spot Commodities, introducing additional compliance obligations and exemption powers for specific Rules. The specified activity of Custody Services now includes safeguarding various assets. Notably, operating a Representative Office becomes a regulated activity, and Authorised Persons providing Third Party Services are restricted from holding Client Assets unless permitted under the relevant Financial Services Permission.
- xvi. [Guidance – Regulation of Virtual Asset Activities in ADGM](#) (Issued on 28.09.2022): Sets out regulatory requirements for authorised persons in virtual asset-related activities, covering areas such as accepted virtual assets, capital requirements, anti-money laundering, terrorism financing, tax reporting, technology governance, market abuse, and risk disclosures. The guidance defines stablecoins, advocating for fully backed 1:1 fiat token. Stablecoin issuers in payments are considered money services businesses, requiring Financial Services Permission. Regarding non-fungible tokens (**NFTs**), the guidance recognises their relevance without proposing a formal regulatory framework, allowing regulated multilateral trading facilities in ADGM to engage in NFT activities.
- xvii. [The Distributed Ledger Technology Foundations Regulations](#) (Issued on 02.10.2023): The Distributed Ledger Technology Foundations Regulations create a legal framework within the ADGM for the regulation and establishment of DLT Foundations. These regulations cover criteria for foundation formation and registration, asset management, compliance obligations, governance, and reporting requirements. They also include provisions for the disqualification and liability of council members, the appointment of guardians, and the processes for migration and dissolution of DLT Foundations. The primary goal is to facilitate innovation and protect the interests of stakeholders within the DLT ecosystem in the ADGM.
- xviii. [Consultation Paper No. 7 of 2024 \(Proposed Regulatory Framework for Fiat-Referenced Tokens\)](#): The Proposed Regulatory Framework for Fiat-Referenced Tokens (**FRTs**), introduced by the FSRA in August 2024, focuses on the issuance and regulation of FRTs. These tokens are fully backed by high-quality liquid assets denominated in the same currency as the token, ensuring a stable value and providing a redemption right for token holders. Issuers of FRTs must maintain full backing of tokens with liquid assets and ensure that tokens can be redeemed at par value within two business days (T+2). The framework mandates monthly independent attestations of the reserve assets and annual external audits. Additionally, algorithmic stablecoins are prohibited under this framework. Issuers are also required to adhere to specific capital requirements and ensure that reserve assets are securely segregated.
- xix. [The Conduct of Business Rulebook \(COBS\)](#): Includes various sections guiding Authorised Persons in their activities, notably those involving virtual assets, emphasising overall compliance and addressing custody and disclosure requirements for virtual assets. It laid down additional rules to Authorised Persons engaging in Regulated Activities related to Virtual Assets, covering Client Assets, Prohibition on Crypto-Asset Linked Instruments, Promoting Client Interests, Protecting Client Assets, and Reporting.

- xx. The Fees Rules (FEES): Describe financial obligations related to virtual assets in various regulated activities.
 - a) Applicants seeking Financial Services Permission for virtual asset-related activities pay an initial authorisation fee of \$20,000, increasing to \$125,000 for Operating a Multilateral Trading Facility.
 - b) Authorised Persons in virtual asset-related regulated activities face an annual supervision fee of \$15,000, or \$60,000 for Multilateral Trading Facility operators.
 - c) Those Providing Money Services pay an annual supervision fee of \$25,000.
 - d) Initial authorisation fees for Spot Commodities or Trading in OTC Leveraged Products range from \$20,000 to \$125,000.
 - e) Annual supervision fees for Spot Commodities are \$15,000, and for Trading in OTC Leveraged Products, they range from \$5,000 to \$40,000, with the higher fee for Retail Clients.
 - f) Authorised Persons Operating a Multilateral Trading Facility for virtual assets pay a monthly trading levy based on the Daily Trading Value (DTV) of Virtual Assets traded.
- xxi. The General Rulebook (GEN): Establishes regulations for entities under the FSMR 2015 or Market Infrastructure Rules, excluding Remote Bodies. In the context of virtual assets, it covers fundamental principles for Authorised, Approved, and Recognised Persons, addressing management, controls, interpretation, emergency procedures, disclosure, office location, and communication with the Regulator. It describes conditions for authorisation, including Controlled Functions, Approved Persons, and Recognised Persons. Financial Crime rules focus on fraud management, emphasising secure authentication and monitoring customer behavior. GEN also includes guidelines for corporate governance, specifying criteria for the Governing Body and disclosure of remuneration structures concerning virtual assets.
- xxii. The Market Infrastructure Rulebook (MIR): MIR defines criteria for membership and access to financial facilities, emphasising the need for appropriate procedures in making and amending rules. It further outlines rules for Remote Members and Bodies and encompasses general provisions covering cooperation with auditors, disciplinary actions, and appeals processes. The MIR establishes a comprehensive regulatory framework for financial institutions operating within the ADGM, ensuring adherence to guidelines related to virtual assets and market infrastructure.

In June 2025, the FSRA introduced an activity-based fee structure for virtual asset service providers, raised the minimum capital requirement for custodians to AED 5 million, and expanded its product intervention powers. The updated rules also require detailed technical documentation for listing new virtual assets and mandate quarterly smart contract audits for DeFi platforms operating in ADGM.

Who do such laws and regulations apply to?

The regulatory framework covering virtual asset activities generally applies to:

- i. Persons engaged in the business of “Providing Virtual Asset Services”,
- ii. Persons operating a Crypto Asset Exchange,
- iii. Persons running a Crypto Asset OTC desk,
- iv. Commercial Firms,
- v. Financial Institutions, and
- vi. Individual participants dealing with cryptocurrencies and virtual assets.

As per the amendments made in June 2025, the FSRA framework now explicitly covers virtual asset lending, borrowing, and staking. All entities and individuals, whether based in Abu Dhabi or abroad, engaged in providing, promoting, or facilitating these activities within ADGM must obtain the relevant FSRA licence and comply with enhanced capital, governance, and AML/CFT requirements.

Who are the relevant regulatory authorities in relation to virtual assets in Abu Dhabi?

The regulatory authorities governing virtual assets include the Financial Services Regulatory Authority (**FSRA**). The FSRA in Abu Dhabi functions as a primary regulatory body with the responsibility of overseeing and regulating financial services and markets within the ADGM. Its roles include developing and enforcing regulatory frameworks, issuing licenses to financial institutions, and overseeing compliance with relevant laws and regulations.

What are the penalties for breaches of virtual asset laws and regulations in Abu Dhabi?

Fines for breaches related to virtual asset and crypto asset activities generally range from USD 150 to USD 50,000. However, recent cases have seen penalties exceeding USD 12 million for serious regulatory violations. Penalties may also include sanctions, suspension or revocation of licenses, and even criminal prosecutions.

Additional enforcement actions now include indefinite bans on individuals from conducting any financial services within ADGM, as well as long-term disqualification of directors found responsible for major governance or conduct failures. Furthermore, the FSMR, 2015 contain provisions related to market abuse, which can create liability for persons or entities who engage in insider trading or market manipulation concerning virtual assets or crypto currencies. Non-compliance with the relevant laws and regulations can result in significant fines and reputational damage to the offending firms or individuals involved in virtual asset activities.

2. Regulation of virtual assets and offerings of virtual assets in Abu Dhabi

Are virtual assets classified as 'securities' or other regulated financial instruments in Abu Dhabi?

Virtual assets are generally not automatically classified as investments or other regulated financial instruments. Digital Securities are regulated as Specified Investments under the Financial Services and Market Regulations (**FSMR**), while virtual assets are treated as commodities and, therefore, not deemed specified investments under the FSMR.

However, the FSRA has clarified in its June 2025 guidance that only AVAs, those approved through a formal process and meeting enhanced technical, compliance, and risk standards, may be used in regulated activities within ADGM. The updated framework also explicitly prohibits the use of privacy tokens and algorithmic stablecoins within the jurisdiction.

The regulatory requirements for authorised persons engaged in regulated activities in relation to virtual assets, such as capital requirements, anti-money laundering, and countering financing of terrorism, are explained in the document called '[Guidance- Regulation of Virtual Assets Activities in ADGM](#)'.

Are stablecoins and NFTs regulated in Abu Dhabi?

Stablecoins: The regulatory landscape for stablecoins in Abu Dhabi has evolved with the introduction of [Consultation Paper No. 7 of 2024 by the FSRA](#) on August 20, 2024, and has been further reinforced by regulatory changes implemented in 2025. This paper outlines a new framework specifically for Fiat-Referenced Tokens (**FRTs**), a category of stablecoins that are backed by high-quality, liquid assets denominated in a single fiat currency.

Stablecoins are defined as digital representations of fiat currency and are classified as commodities rather than specified investments under the FSMR (**FSMR**). The FSRA's new framework distinguishes FRTs from other stablecoins by ensuring they maintain a stable value through backing with liquid assets. Unlike traditional stablecoins, which may be backed by volatile assets, FRTs must be fully backed by the same fiat currency they represent, allowing them to function as reliable mediums of exchange.

The FSRA supports a risk-based and proportionate approach to the issuance of FRTs, reflecting industry demand and aligning with best practices from leading jurisdictions. Key components of this framework include reserve asset requirements, which stipulate that FRT issuers must maintain reserve assets consisting solely of cash and high-quality liquid investments in the same currency as the FRT. The minimum capital requirement is set at \$2 million or the issuer's annual audited expenditure, whichever is higher.

Additionally, holders of FRTs must be able to redeem their tokens at par value within two business days of a redemption request, ensuring liquidity and stability in the market. Issuers will also be required to conduct annual stress tests to assess their ability to meet redemption requests during adverse market conditions, including evaluating liquidity stress and operational risks. Furthermore, reserve assets must be held separately with third-party custodians to ensure insolvency remoteness, thereby protecting token holders' interests.

In terms of compliance, issuers located within the ADGM intending to offer FRTs must seek a Financial Services Permission (**FSP**) for providing money services. If an issuer's fiat-backed stablecoin is fully backed by its underlying fiat currency, the funds held would be classified as Client Money, necessitating compliance with the Client Money provisions outlined in the Conduct of Business Rulebook (**COBS**).

NETs: NFTs are cryptographic assets on a DLT with unique identification codes and metadata that distinguish them from each other. Unlike virtual assets, they cannot be replicated, thus cannot be traded or exchanged at equivalency.

The FSRA does not currently have a formal regulatory framework for NFTs. However, in certain circumstances, the FSRA allows NFT activities to be undertaken within ADGM but only by regulated and active multilateral trading facilities providing a custody of virtual assets. Firms conducting own account or proprietary investments in NFTs are allowed to do so within ADGM. Relevant MTFs/Virtual Asset Custodians should establish within their ADGM group an unregulated, commercially licensed NFT entity, which would be primarily used to engage with NFT issuers and market participants. All NFT activities will be captured for KYC and AML/CTF purposes.

Are decentralised finance (DeFi) activities (e.g. lending virtual assets) regulated in Abu Dhabi?

The FSRA in Abu Dhabi acknowledges the impact of the virtual asset industry, including decentralised finance (**DeFi**) activities, and established a comprehensive regulatory framework in 2018. This framework includes regulations and rules aimed at protecting investors, maintaining market integrity, and addressing potential financial stability risks.

It defines virtual assets as commodities, requiring licensing for entities involved in regulated activities with VAs in ADGM. The framework oversees and mitigates risks in the DeFi sector, meeting the expectations of innovators and traditional financial institutions for transparency in a regulated environment.

Entities using 'Digital Securities' in ADGM must comply with the FSRA's AML/CFT framework, potentially subjecting DeFi activities to AML/CFT regulations in Abu Dhabi. DeFi activities, like lending virtual assets, fall under the Regulated Activity of "Operating a Crypto Asset Business," necessitating authorisation as an OCAB Holder from the FSRA. The OCAB framework applies to individuals or entities carrying out regulated activities involving crypto assets, ensuring regulation of DeFi activities involving virtual assets in Abu Dhabi. OCAB Holders must comply with regulatory requirements, including capital, AML/CFT, international tax reporting, technology governance, and market abuse prevention.

Given the evolving nature of DeFi, FSRA regulatory guidelines are expected to adapt. In short, DeFi activities, such as lending virtual assets, are regulated in Abu Dhabi under the FSRA's virtual asset framework to enhance transparency and manage risks for investors and stakeholders in the DeFi sector.

Are there any restrictions on issuing or publicly offering virtual assets in Abu Dhabi?

There are specific restrictions and requirements for issuing or publicly offering virtual assets in Abu Dhabi. They are laid out in detail in the "Guidance – Regulation of Digital Securities Activities in ADGM" and FSMR 2015, according to which, any person intending to conduct an Initial Coin Offering (**ICO**) or Initial Token Offering (**ITO**) in or from the ADGM must comply with the ADGM FSMR. The ICO or ITO issuer is required to obtain approval as an OCAB Holder and meet specific disclosure requirements.

Additionally, the Issuer must file a prospectus with the authorities and comply with other relevant regulations in addition to FSMR. In addition to obtaining approval as an OCAB holder, ICO and ITO issuers must meet other specific regulatory requirements and disclose various types of information. Regarding disclosure requirements, ICO and ITO issuers must provide clear, concise, and meaningful information about the virtual assets, the business, and the risks involved. This includes specific information about the issuer and their management team, the proposed use of funds, the intended purpose of the virtual assets, and any relevant liquidity or market-making arrangements.

Additionally, the guidance document provides specific requirements for the content and format of the Digital Offering Memorandum (**DOM**) and the Information Memorandum (**IM**) depending on the type of virtual asset being offered. Moreover, the guidance document sets out eligibility criteria for prospective OCAB Holders, including a requirement to substantiate their experience in investment, trading or custody of virtual assets and an assurance that their key insiders are of appropriate fitness and propriety. Furthermore, entities seeking to conduct an offering of digital securities must comply with **AML/CFT Framework**, including the adoption of international best practices.

The FSRA has refined the approval process for virtual assets, introduced revised capital requirements and an activity-based fee structure, and strengthened its product intervention powers to restrict or prohibit offerings that pose risks to market integrity or investor protection. Algorithmic stablecoins and privacy tokens remain explicitly prohibited from being issued or offered in the ADGM.

It is important to note that these requirements are not exhaustive, and depending on the specific situation, there may be additional regulations and requirements that the issuer must meet.

Are there any exemptions to the restrictions on issuing or publicly offering of virtual assets in Abu Dhabi?

- i. Here's an elaboration regarding the exemptions to the restrictions on issuing or publicly offering virtual assets given in FSRA Regulation, 2015:
 - a) Exemption for securities of an Exempt Offeror: The Regulator may exclude the application of any requirements for the public offering of securities issued or guaranteed by an Exempt Offeror. An Exempt Offeror is defined as a person that is listed on a register maintained by the Regulator. Therefore, securities offered by such persons may not be subject to the normal requirements for public offerings.
 - b) Exemption for securities unconditionally and irrevocably guaranteed by an Exempt Offeror: Securities unconditionally and irrevocably guaranteed by an Exempt Offeror may also be excluded from requirements for public offerings. This likely means that if an Exempt Offeror guarantees the issuer of a security's ability to repay it, that security may not be subject to the normal requirements for public offerings.
 - c) List of Exempt Offerors maintained by the Regulator: As mentioned above, the Regulator maintains a list of Exempt Offerors. The Regulator has the power to make rules for those wishing to be included on the list of Exempt Offerors. This gives the Regulator control over the entities that may be exempt from requirements for public offerings.
 - d) Exemption from prospectus requirements possible under certain circumstances: There may be circumstances under which a person is exempted from the requirements for preparing and filing a prospectus, which is a disclosure document that provides investors with material information about securities being sold in a public offering. Such circumstances include when securities are offered only to specified categories of persons, such as high net worth individuals and institutions.
- ii. Other Exemptions:
 - a) Trading of Recognised Securities: Communication related to the trading of securities on a Recognised Investment Exchange (**RIE**) is exempt.
 - b) Compliance Reporting: Communication made for ongoing reporting requirements of the FSRA or a Recognised Investment Exchange is exempt.
 - c) Other Prescribed Exemptions: Certain communications prescribed in rules as exempt are also recognised.
- iii. In addition, specific exemptions apply to:
 - a) Central Banks: Exempt from regulatory restrictions due to their authority in issuing legal tender and maintaining financial system stability.
 - b) Regulated Financial Institutions: Allowed to offer virtual assets for internal business or financial group use only.

- c) Governments, Governmental Bodies, or International Organisations: Exempt for efficient budget management and diverse transaction processing in government affairs.
- d) Retail Activities: Persons using virtual assets solely for non-specified investment purchases, such as flights or electronics, are exempt.
- e) Regulator-Specified Purposes: Exemptions may be granted for specific purposes as prescribed by the regulator. Entities benefiting from exemptions must still comply with anti-money laundering and counter-financing of terrorism regulations in the United Arab Emirates.

3. Regulation of VASPs in Abu Dhabi

Are VASPs operating in Abu Dhabi subject to regulation?

Yes, VASPs operating in Abu Dhabi are subject to regulation under the FSMR 2015, as updated through June, 2025. Key regulatory requirements include registration and licensing, where VASPs must register with the FSRA and obtain the necessary licenses to operate. This process involves providing detailed information about their financial standing, management structure, legal status, and ownership, with the FSRA conducting thorough assessments to ensure that only qualified entities are licensed.

Further regulatory amendments have introduced higher capital requirements, an activity-based fee structure, and enhanced product intervention powers, reflecting the FSRA's continued focus on market integrity and investor protection.

Compliance with AML/CFT regulations is mandatory; VASPs must implement comprehensive operational measures, customer due diligence processes, and ongoing monitoring to mitigate risks associated with illicit activities. Transparency obligations require providers to disclose service details, terms, and conditions clearly to customers, ensuring that they are well-informed about the services they are utilising. Furthermore, VASPs are obligated to maintain accurate transaction and customer records for a minimum of five years, with the FSRA reserving the right to access these records for regulatory oversight and compliance verification. The FSRA has further reinforced the prohibitions on privacy tokens and algorithmic stablecoins, and clarified that VASPs must not engage in unauthorised deposit-taking, U.A.E. dirham foreign exchange, or market abuse activities.

To protect customer data effectively, the FSRA has issued specific cybersecurity guidelines that VASPs must follow. These guidelines require providers to implement security measures to safeguard sensitive information against breaches or cyber threats. Recent developments include increased collaboration with other regulatory bodies within the UAE, such as the Securities and Commodities Authority (**SCA**) and the Virtual Assets Regulatory Authority (**VARA**). This collaboration aims to create a cohesive regulatory environment across different Emirates while promoting innovation in the virtual asset sector. Additionally, there is an ongoing consultation process inviting feedback from industry stakeholders regarding potential updates to existing regulations governing VASPs. The FSRA is also exploring new regulatory measures to address issues such as consumer protection, product suitability, and the promotion of responsible practices among VASPs.

Are VASPs providing virtual asset services from offshore to persons in Abu Dhabi subject to regulation in Abu Dhabi?

Offshore VASPs are subject to FSRA regulation if their activities fall within the scope of the ADGM framework. As per the FSRA's June 2025 guidance, any offshore VASP providing services involving virtual assets classified as securities, commodities, or derivatives under ADGM rules or targeting persons in Abu Dhabi, must obtain the appropriate FSRA licence.

The FSRA adopts a risk-based approach, assessing the nature and complexity of the services, the types of virtual assets involved, and the potential risks to consumers and market integrity. Providing regulated services without proper authorisation is prohibited, and offshore VASPs may face enforcement action for soliciting, marketing, or offering services to ADGM-based clients without a licence.

What are the main requirements for obtaining licensing / registration as a VASP in Abu Dhabi?

The requirements for obtaining licensing/registration as a virtual asset provider in Abu Dhabi are outlined in the FSRA's Guidance on Regulation of Crypto Asset Activities in ADGM (the "Guidance"). According to the Guidance, a VASP that conducts Crypto Asset Business in or from the ADGM must be authorised by the FSRA of ADGM as a Regulated Crypto Asset Business (**RCAB**).

The following are the main requirements for obtaining an RCAB license in Abu Dhabi:

- i. Eligibility requirements: To be considered for an RCAB license, the VASP must meet the following eligibility requirements:
 - a) Be duly incorporated under the relevant UAE laws and regulations and provide evidence of its incorporation,
 - b) Have a clear and specific business plan,
 - c) Have appropriate systems and controls in place, including strong AML/CFT controls, policies, and procedures,
 - d) Have adequate financial and non-financial resources to carry on its Crypto Asset Business. Capital requirements must cover 6–12 months of operational expenses, depending on the type and scale of activity.
 - e) Have sufficient technology resources to ensure the safe and efficient conduct of its operations in accordance with ADGM regulations,
 - f) Show that the past and current performance of any of its directors, officers, or senior management do not pose any concerns to the FSRA,
 - g) Do not present any significant risks to the interests of customers, the ADGM, or the wider financial system, and
 - h) Carry on its activities in accordance with the applicable ADGM regulations, including those related to AML/CFT.
- ii. Application and supporting documentation: The VASP must submit an application for authorisation to the FSRA, which should include:
 - a) A detailed business plan of the Crypto Asset Business,
 - b) A detailed description of the Crypto Asset Business, including the proposed activities and services to be offered,
 - c) A detailed description of the Crypto Assets that will be offered, including a rationale for their selection, and also, applicants must submit enhanced technical documentation for any virtual asset they wish to have recognised as an Accepted Virtual assets.
 - d) Details of the VASP's compliance arrangements, including AML/CFT policies and procedures,
 - e) Details of the VASP's governance arrangements, including details of relevant individuals involved in the business,
 - f) Details of the VASP's financial resources, including details of its capital and liquidity,
 - g) A clear description of the information technology systems, platforms, and infrastructure to be used,
 - h) Details of the VASP's audited financial statements and tax returns,
 - i) Details of the VASP's ownership structure, and
 - j) Any other supporting documentation that the FSRA may request from time to time.

- iii. **Additional requirements:** During the application process, the VASP must demonstrate that it has adequate systems and controls in place to monitor the risks associated with Crypto Asset Business activities, including the risks of conducting business in a rapidly evolving and innovative ecosystem. They should also have the ability to comply with regulatory requirements, and ensure the protection of consumer interests. VASPs must implement real-time transaction tracking for transfers exceeding AED 55,000.

The FSRA may conduct on-site visits at the VASP's premises to assess compliance with the applicable regulatory requirements. The VASP must also maintain adequate insurance coverage to ensure that losses or claims resulting from its activities are covered.

- iv. **Licensing Fees:** In terms of licensing fees, the FSRA maintains a structured fee schedule for VASPs operating within the ADGM. These fees are designed to reflect the nature and scope of the activities being conducted. Notably, if an applicant intends to conduct multiple regulated activities related to virtual assets, the fees will be cumulative, meaning that each regulated activity incurs its own set of authorisation and supervision fees. This can add up significantly depending on the number of services offered.

As of January 2025, the ADGM has revised its licensing and renewal fees. The application fee for financial licences has increased to USD 20,000, with an annual renewal fee of USD 15,000. For non-financial and retail licences, both registration and renewal fees have been reduced to USD 5,000. In addition, all applicants are required to pay a USD 300 data protection fee at both registration and renewal.

Activity Type	Application Fee	Annual Supervision Fee
Non-Custody Intermediary	USD 20,000	USD 15,000
Virtual Asset Custodian	USD 40,000	USD 30,000
Multilateral Trading Facility (MTF)	USD 125,000	USD 60,000
MTF + Custodian	USD 145,000	USD 75,000

- ADGM registration: USD 15,000 (one-time).
- ADGM annual renewal: USD 13,100.
- Fees are cumulative for multiple activities.

What are the main ongoing requirements for VASPs regulated in Abu Dhabi?

Ongoing Requirements for Virtual Asset Service Providers in Abu Dhabi:

- Governance and Compliance:** VASPs must establish effective governance structures and risk management systems to adhere to ADGM regulations, covering areas such as anti-money laundering, data protection, and cybersecurity.
- Financial Reporting and Audit:** Regular submission of financial reports to the FSRA and undergoing periodic audits by accredited auditors are mandatory for VASPs.
- Consumer Protection:** VASPs are required to implement internal procedures for handling consumer complaints and grievances in a satisfactory manner.
- Record-Keeping:** Accurate and comprehensive record-keeping of activities, transactions, and customer information is a key requirement for VASPs.
- Compliance Monitoring:** The FSRA may conduct routine compliance monitoring of VASPs to ensure ongoing adherence to regulatory requirements.
- Notification and Reporting:** VASPs must promptly notify the FSRA of any material changes to their business plan, ownership, or other relevant information. Reporting suspicious transactions or activities and cooperating with regulatory investigations is essential.

- vii. Market Conduct and Prohibited Activities: VASPs must follow strict market conduct rules, including bans on insider trading, market manipulation, and spreading false or misleading information. They are also prohibited from engaging in unauthorised deposit-taking, conducting foreign exchange transactions involving the UAE dirham, or using intragroup transactions to avoid margin requirements.
- viii. Fee and Pricing Restrictions: VASPs must charge fair and reasonable fees. Excessive commissions or charges on clients are not permitted.
- ix. Cybersecurity and Data Protection: VASPs must comply with ongoing data protection and cybersecurity obligations. This includes keeping security protocols updated and reporting any data breaches to the FSRA without delay.
- x. Annual Audits and Stress Testing: Annual audits by FSRA-approved auditors are mandatory. Where relevant, such as for DeFi platforms, VASPs must also conduct periodic stress tests to prove their operational and financial resilience.
- xi. Enhanced Transaction Monitoring: Transactions above AED 55,000 must be tracked in real-time. VASPs must also maintain strong systems for detecting and monitoring suspicious activity.
- xii. Restrictions on Retail Marketing: VASPs may not market virtual asset services to retail clients unless they have received specific approval from the FSRA.

It is important to note that these requirements are subject to potential changes and may vary based on the specific activities and business model of each VASP.

What are the main restrictions on VASPs in Abu Dhabi?

The main restrictions on virtual asset providers regulated in Abu Dhabi include:

- i. VASPs operating in Abu Dhabi must implement measures to comply AML/CFT laws. This includes thorough customer identification, monitoring, and reporting of suspicious transactions.
- ii. Accepting deposits from markets in the United Arab Emirates (**U.A.E**) is strictly prohibited for VASPs unless they have obtained the necessary authorisation.
- iii. VASPs are not allowed to conduct foreign exchange transactions involving the U.A.E Dirham on behalf of clients unless explicitly authorised by the regulator.
- iv. Compliance with Market Abuse Regulations is mandatory for VASPs, preventing engagement in activities such as insider dealing, market manipulation, or spreading false information.
- v. Engaging in regulated activities without proper authorisation from the Financial Services Regulatory Authority is illegal for VASPs.
- vi. Using intragroup transactions to circumvent margining requirements set by the regulator is strictly prohibited.
- vii. VASPs must charge reasonable and non-excessive fees when conducting regulated activities, avoiding the prohibition on charging excessive fees or commissions.
- viii. Engaging in unfair or misleading practices, such as providing false information to clients, is strictly prohibited for VASPs.
- ix. Compliance with all relevant laws and regulations, including data protection and cybersecurity requirements, is mandatory for VASPs.
- x. Marketing services to retail investors without the appropriate authorisation from the FSRA is restricted for VASPs.
- xi. VASPs are strictly prohibited from supporting, listing, or facilitating transactions involving privacy tokens and algorithmic stablecoins within the ADGM.

- xii. VASPs must undergo annual independent audits. For DeFi platforms and higher-risk activities, periodic stress tests are also required to demonstrate operational and financial resilience.
- xiii. VASPs must implement systems capable of monitoring large transactions in real time, specifically transfers exceeding AED 55,000, to comply with AML/CFT obligations.
- xiv. The FSRA may restrict or prohibit virtual asset offerings or activities that pose risks to market integrity or investor protection.
- xv. VASPs are not allowed to engage in deposit-taking activities unless expressly authorised. Structuring services in a way that resembles deposit-taking without a licence is also prohibited.

What are the main information that VASPs have to make available to its customers?

Regulated virtual asset trading platforms are required to make available to their customers information on:

- i. The risks associated with virtual assets and their products and services;
- ii. the terms and conditions applicable to the products and services, including the fees and commissions associated with their use;
- iii. the methods used to calculate prices, including asset valuations, price feeds, and other relevant information;
- iv. the rules governing the exchange, including trading procedures, settlement, and delivery systems, and any other relevant information;
- v. procedures for dealing with complaints and disputes;
- vi. any material changes or developments in the platform and its products and services; and
- vii. relevant regulatory and compliance information, including AML/CFT laws and regulations, cybersecurity, and data protection requirements.
- viii. A clear, formal written client agreement is required, outlining the scope of services, responsibilities of each party, fee structures, dispute resolution mechanisms, and key risk disclosures. This agreement must be accessible, legally enforceable, and supported by acceptance logs for regulatory inspection.
- ix. All actual or potential conflicts of interest must be disclosed, along with details of how they are identified and managed.
- x. VASPs must have documented policies and procedures for data privacy, whistleblowing, and client complaint handling.
- xi. Any referral or introduction arrangements with third parties must be disclosed, including the terms and any benefits, financial or otherwise, received.
- xii. If client assets or funds are held by a third party, this must be disclosed clearly, including the identity of the third-party custodian.
- xiii. Where legally permitted, any past convictions or prosecutions involving senior management or board members must be disclosed.
- xiv. VASPs must provide ongoing updates on any material changes to their platform, products, services, or regulatory status.

The trading platforms must also have effective risk management policies and procedures to ensure the safety and integrity of their customers' funds and assets.

What market misconduct legislation/regulations apply to virtual assets?

The FSMR 2015 provides for the regulation of Markets and Trading:

- i. The market abuse provisions make it illegal for persons to engage in any behavior that could create or is intended to create a false or misleading impression as to the market in or the price or value of any financial instrument. This is in line with the regulation's objective of ensuring that the financial markets in the ADGM are supported by safe and efficient infrastructure and foster financial stability, including the reduction of systemic risk.
- ii. The regulations also require that virtual asset trading platforms provide comprehensive information on the products and services they offer to their customers. This includes information on fees and commissions, rules governing trading, and procedures for dealing with complaints and disputes.
- iii. The virtual asset trading platforms should also comply with AML and CFT laws and regulations.
- iv. They should also have effective risk management policies and procedures to ensure the safety and integrity of their customers' funds and assets.
- v. The regulations also impose obligations on market operators to provide customers with information on market rules and procedures and to ensure the fair and transparent operation of the market.
- vi. Moreover, the regulations empower the regulator to take action against regulated entities, including virtual asset trading platforms, who breach any provisions of the regulations, including the market abuse provisions, by imposing fines, sanctions, and other measures as deemed fit by the regulator.

4. Regulation of other crypto-related activities in Abu Dhabi

Are managers of crypto funds regulated in Abu Dhabi?

The "**Guidance - Regulatory Framework for Fund Managers of Venture Capital Funds**," issued by the FSRA, establishes a regulatory framework for Venture Capital (**VC**) Fund Managers. This framework is applicable to managers of crypto funds if they adhere to the explained criteria in FUNDS. The regulatory framework encompasses eligibility criteria, authorisation requirements, and ongoing regulatory obligations.

Eligibility criteria stipulate that applicants must demonstrate that each VC Fund they manage meets specific conditions outlined in FUNDS. These conditions include restricting a VC Fund to being a closed fund, investing solely in the securities of non-listed early-stage companies available exclusively to professional clients. Moreover, there are limits on the maximum subscription amount, subject to FSRA approval.

Authorisation is necessary for a VC Manager to engage in the regulated activity of managing a collective investment fund, including fund management activities related to a VC Fund. VC Managers in Abu Dhabi also need a Financial Services Permission (**FSP**) for regulated activities related to VC Funds and co-investments by third parties.

Additional requirements pertain to approved and recognised persons. For instance, a Senior Executive Officer (**SEO**) must have a minimum of ten years' relevant experience, and a Licensed Director or Licensed Partner should possess at least five years' experience in operating a VC or private equity fund or demonstrate in-depth industry expertise.

Regarding ongoing regulatory requirements, VC Managers must have the necessary expertise, either in-house or outsourced, to prepare and oversee financial accounts. While appointing a Finance Officer is not mandatory, the VC Manager must appoint a Compliance Officer (**CO**) and a Money Laundering Reporting Officer (**MLRO**), both independent of the front office investment function. These functions may be carried out by the same individual, in-house, or outsourced, and need not be dedicated or independent of other control functions.

Moreover, as of June 2025, the FSRA's amended regulatory framework introduces key updates for crypto venture capital fund managers in Abu Dhabi. The FSRA now holds formal product intervention powers, enabling it to restrict or prohibit digital asset products or activities that present undue risks to investors or market integrity. Venture capital funds and their managers are explicitly prohibited from investing in privacy tokens and algo-

rhythmic stablecoins within ADGM. The range of permissible investments has been expanded, limited to assets recognised as Accepted Virtual Assets by the FSRA. Crypto fund managers must comply with the same licensing, governance, AML/CFT, and consumer protection standards applicable to conventional financial institutions, with specific provisions adapted for digital assets. Ongoing compliance with AML/KYC requirements, including customer due diligence, transaction monitoring, and sanctions screening, is mandatory under UAE federal law and the FSRA rulebooks.

Are distributors of virtual asset funds regulated in Abu Dhabi?

According to the FSMR 2015, distributors of virtual asset funds are subject to regulation in Abu Dhabi. Promoting, dealing in, or managing a fund may constitute a regulated activity, for which the entity must have authorisation from the regulator, the FSRA.

The regulations define a fund as a scheme or arrangement having as its object or effect both pooling of investor funds and spreading of risk over a number of investments. A virtual asset fund's distribution typically includes promoting it as an investment opportunity to potential investors, which can lead to the regulated activity of dealing in a fund.

Moreover, entities that wish to engage in regulated activities must obtain authorisation from the FSRA. Among other things, entities must demonstrate that they have the required knowledge, skills, and expertise to carry out the regulated activities and effectively assess risks and undertake due diligence.

Therefore, distributors of virtual asset funds should seek authorisation from the FSRA in Abu Dhabi and ensure they comply with all relevant regulations. Distributing unauthorised investment opportunities can result in severe penalties, such as fines and reputational damage.

Are there requirements for intermediaries seeking to provide trading in virtual assets for clients or advise clients on virtual assets in Abu Dhabi?

- i. The FSMR 2015 require that entities engaged in regulated activities, such as intermediating the trading of virtual assets or advising clients on virtual assets, obtain authorisation from the FSRA. Intermediating the trading of virtual assets or advising on virtual assets may be considered regulated activities under the regulations, so entities must seek authorisation from the FSRA. Entities are required to demonstrate that they have the necessary knowledge, skills, and expertise to carry out these activities, assess risks, and conduct due diligence, among other things.
- ii. Furthermore, as part of the authorisation process, entities may need to comply with additional requirements, such as capital requirements and reporting obligations.
- iii. In summary, intermediaries dealing with virtual assets or advising clients on virtual assets must seek authorisation from the FSRA and comply with relevant regulations to operate legally in Abu Dhabi.
- iv. The ADGM also provides guidance on the regulation of virtual assets through its Crypto Asset Regulatory Framework. The framework sets out regulations relating to activities involving virtual assets, such as exchanges, custodians, and intermediaries. It requires that participants seeking to provide services related to virtual assets obtain appropriate licenses and meet specific obligations, including prudential requirements, capital adequacy, and risk management.
- v. Furthermore, the ADGM has issued guidance on Initial Coin Offerings (**ICOs**), which may be used to raise capital through the issuance of digital tokens. The guidance sets out the requirements and procedures for the issuance of digital tokens and specifies that ICO issuers must comply with anti-money laundering and counter-terrorist financing regulations.
- vi. Intermediaries must not operate in a manner that would qualify as running a multilateral trading facility unless specifically licensed as such. Features like public order books, exchange-type matching engines, or price discovery mechanisms are strictly reserved for MTF license holders and are not permitted under a broker/dealer licence.
- vii. Brokers and dealers must clearly disclose to clients how they execute and route orders, how they source liquidity, whether they engage in proprietary trading and, if so, whether they may trade against client positions, the fees charged, and the method of price determination for accepted virtual assets.

- viii. Brokers and dealers must comply with best execution requirements and are prohibited from front-running or trading ahead of client orders.
- ix. VASP licensing in the UAE is jurisdiction-specific. Entities operating in ADGM must obtain the appropriate licence from the FSRA, with equivalent requirements enforced across other UAE regulatory zones.

5. Other relevant regulatory information

Are there any upcoming regulatory developments in respect of crypto-related activity in Abu Dhabi?

Abu Dhabi is advancing its regulatory framework concerning cryptocurrencies and related activities. The FSRA of the ADGM is set to introduce comprehensive regulations specifically targeting DeFi activities, alongside amendments to existing virtual asset regulations.

The FSRA is finalising regulations for fiat-referenced tokens (**FRTs**), requiring issuers to maintain strong reserve assets and meet strict operational standards. New rules for DeFi activities are also expected, focusing on transparency, smart contract audits, and risk management for platforms operating in or from Abu Dhabi. While there is no formal framework for NFTs yet, the FSRA is monitoring the sector and may introduce targeted rules as the market evolves.

Moreover, the FSRA is incorporating innovative technologies such as Artificial Intelligence into its regulatory processes, enhancing efficiency and enabling a 'Regulation as a Service' model. This initiative aims to streamline compliance for virtual asset providers while ensuring oversight. The FSRA is also updating its existing virtual asset framework to better align with international guidelines, particularly those set forth by the Financial Action Task Force (**FATF**). This includes terminology adjustments, expanding the regulatory scope to encompass a wider range of crypto transactions and Initial Coin Offerings (**ICOs**), and refining compliance requirements for virtual asset activities. Additionally, the FSRA has recognised the growing significance of NFTs within the digital asset ecosystem. While it has not yet established a formal regulatory framework for NFTs, it is open to their activities being conducted under specific conditions by regulated entities within the ADGM.

Has there been any notable events in Abu Dhabi that has prompted regulatory change recently?

Significant event contributing to the evolving regulatory environment in Abu Dhabi has been the growing interest of major crypto firms in the region. Companies such as Copper Technologies, Paxos Trust, and eToro Group Ltd. have shown interest in Abu Dhabi due to investor-friendly policies, a supportive regulatory framework, and a network of partners. Abu Dhabi's approach in aligning with innovation in digital assets, as seen in the ADGM 2024 business plan, is playing a crucial role in positioning the city as an attractive destination for crypto businesses. The influx of major players into the Abu Dhabi crypto market is influencing the local regulatory approach to be more accommodating and forward-thinking.

Furthermore, Abu Dhabi has introduced a new blockchain and cryptocurrency body, the Middle East, Africa, and Asia Crypto and Blockchain Association (**MEAACBA**). Supported by the ADGM, this non-profit organisation aims to bring together industry players to address challenges in the sector and integrate digital assets into key economic sectors. MEAACBA includes major cryptocurrency platforms as partners and focuses on developing educational campaigns, creating frameworks for blockchain ecosystems, and advancing financial inclusivity. This initiative is part of the broader UAE efforts to integrate blockchain into its economy and government, showcasing Abu Dhabi's commitment to being a leader in the fintech space.

Another significant event involved Binance, a leading cryptocurrency exchange, **withdrawing its application** for managing a collective investment fund in Abu Dhabi. This decision, unrelated to Binance's legal challenges in the United States, where the company faced a \$4.3 billion settlement, was part of the company's global reassessment of licensing requirements and strategic growth priorities. It is worth noting that Binance still provides crypto custody services in Abu Dhabi, and the withdrawal of the application was explicitly stated to be unrelated to the U.S. settlement.

Also, in August 2024, Abu Dhabi has introduced significant regulations specifically targeting FRTs. The introduction of FRT regulations aims to ensure that these stablecoins maintain a stable value through backing by high-quality, liquid assets denominated in a single fiat currency.

In December 2024, Abu Dhabi hosted the Bitcoin MENA Conference as part of Abu Dhabi Finance Week, attracting over 5,200 global experts, officials, and industry leaders. The event reinforced Abu Dhabi's position as a key player in the global digital asset space and prompted further regulatory developments, particularly around DeFi, stablecoins, and market integrity. Earlier, in April 2024, the Abu Dhabi Blockchain Funds Forum brought together regulators, investors, and industry stakeholders to discuss blockchain finance, tokenisation, and fund management, helping to shape regulatory priorities around investor protection and fund structures.

In addition, Abu Dhabi's broader role as a regional and global hub for blockchain and virtual asset services, along with the growing number of licensed VASPs and international players operating in the UAE, has pushed the FSRA to refine its regulatory framework in line with global standards. These developments have led to updates such as stronger product intervention powers, formal bans on privacy tokens and algorithmic stablecoins, and the ongoing rollout of stablecoin and DeFi-specific regulations. Hosting major crypto events continues to play a key role in shaping Abu Dhabi's regulatory direction in the digital asset space.

6. Pending litigation and judgments related to virtual assets in Abu Dhabi (if any)

There was an incident involving an **Abu Dhabi businessman who lost \$20,000** in a cryptocurrency scam. This case is significant as it highlights the growing issue of crypto-related frauds. The businessman was deceived by a scammer posing as a previous vendor. After establishing trust, the scammer convinced him to invest in a cryptocurrency trading platform. Initially, the businessman made a small investment and saw a return, which encouraged him to invest a larger sum of \$20,000. However, it turned out to be a scam, and he was unable to recover his investment.

This case exemplifies the risks associated with cryptocurrency investments, especially regarding scams and fraudulent schemes.

In another case related to cryptocurrency involved the **conviction of nine individuals and six companies for money laundering and cryptocurrency trading**. The defendants were involved in a fraudulent scheme where they lured victims into investing in a shell company, claiming specialisation in digital currency trading. The Abu Dhabi Criminal Court sentenced four of the accused to ten years in prison and a fine of AED 10 million each, with deportation orders post-sentence for all except the second accused. The companies involved were fined AED 50 million each. This case was a result of coordinated efforts by various authorities to combat money laundering and financial crimes related to cryptocurrency trading.

7. Government outlook on virtual assets and crypto-related activities in Abu Dhabi

The Abu Dhabi government has implemented strategic measures to regulate virtual currencies, notably through the establishment of the ADGM. Operating as a financial free zone with an autonomous regulatory framework under common law, the ADGM is designed to cultivate a regulatory environment conducive to the growth of the fintech industry, fostering innovation while upholding market integrity.

In 2018, the ADGM introduced regulatory frameworks governing cryptocurrencies and initial coin offerings (**ICOs**). These frameworks highlight the market infrastructure supporting cryptocurrencies, including exchanges, intermediaries, and custodians. Criteria for ICO issuers, encompassing disclosure requirements and obligations related to anti-money laundering and counter-terrorist financing, were also established.

Furthermore, the ADGM initiated a regulatory sandbox in 2019, providing a controlled environment for fintech companies to test innovative ideas and products. This platform facilitates the exploration of regulatory implications and new business models.

Abu Dhabi's collaboration with the International Monetary Fund (**IMF**) to establish a fintech center of excellence is a noteworthy endeavor. This center serves as an innovation hub for the fintech industry, offering global advice and developing policies to encourage the adoption of new technology in the financial sector.

There are no taxes on crypto gains, and clear, supportive rules from ADGM and the SCA have attracted institutional investors and global crypto firms. Recent regulatory changes include stronger product intervention powers, explicit bans on privacy tokens and algorithmic stablecoins, and clearer processes for recognising new virtual assets, reflecting a balanced focus on market growth, consumer protection, and financial stability.

8. Advantages of setting up a VASP in Abu Dhabi

Abu Dhabi's government has crafted a supportive regulatory environment for fintech companies. This environment emphasises investor protection, market integrity, and financial stability. Abu Dhabi's collaboration with the IMF in the establishment of a fintech center of excellence is a noteworthy endeavor. This center serves as an innovation hub for the fintech industry, offering global advice and developing policies to encourage the adoption of new technology in the financial sector.

Moreover, Abu Dhabi offers a developed infrastructure, a conducive business environment, and a strategic location between East and West, facilitating global market access for businesses. The region's substantial investments in technological innovation and digital transformation initiatives are advantageous for fintech companies. Abu Dhabi's financial services industry, with leading institutions, asset managers, and investment firms, provides an extensive network of potential partners and customers for VASPs in the region.

Also, Abu Dhabi offers regulatory clarity, a tax-free environment on crypto gains, and a strong compliance framework through the FSRA in ADGM, the first jurisdiction to implement a full regulatory regime for virtual assets. VASPs benefit from high governance standards, effective oversight, and increased market transparency, building trust among institutions and investors. The multi-layered regulatory structure provides a secure and well-regulated environment, while streamlined licensing, efficient processing, and continuous regulatory support make Abu Dhabi a preferred base for global virtual asset firms seeking stability and scale.

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